



**Investment Office**

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October 20, 2008

**AGENDA ITEM 9c(1)**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Review of Federal Emergency Economic Stabilization Act of 2008 and Next Steps
- II. PROGRAM:** Global Equity
- III. RECOMMENDATION:** Information
- IV. ANALYSIS:**

On October 3, 2008, the President of the United States signed into law the Emergency Economic Stabilization Act of 2008 to assist in addressing the short-term implications of the financial crisis. The Act provides up to \$700 billion in funding for purchase of "troubled assets" from financial institutions by the U.S. Treasury Department. Attachment 1 provides a summary of the Act.

Looking ahead, staff believes the current market climate presents a window of opportunity for CalPERS to exhibit leadership in shaping market reform to protect investors from a future market meltdown of this magnitude. The Corporate Governance Unit is taking the lead to explore the possibilities, including appropriate timing and venues, as well as content. Given the scope and magnitude of the issue, the Corporate Governance Unit is working collaboratively with all Investment Office asset classes. In addition, staff is working in collaboration with the Corporate Governance Internal Working Group and Lussier, Gregor, Vienna & Associates.

Staff will keep the Investment Committee apprised of our efforts going forward and provide an oral update of current actions at the October 20, 2008 Investment Committee meeting.

**V. STRATEGIC PLAN:**

This agenda item is consistent with the Strategic Plan: Goal IX, achieve long-term, sustainable, risk adjusted returns.

**VI. RESULTS/COSTS:**

Costs associated with implementing strategies to address market reform as a result of the current financial market crisis are contained within the Investment Office budget.

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Anne Stausboll  
Interim Chief Investment Officer